

Information Services Board Meeting Minutes – January 9, 2001

Department of Information Services Boardroom, The Forum Building
Olympia, Washington

Members Present:

Joe Dear
Senator Emilio Cantu
Clare Donahue
Tom Fitzsimmons
Earl W. Heister
Steve Kolodney
Ed Lazowska
Mary McQueen
Marsha Tadano Long

Others Present:

Paul Taylor
Chief Annette Sandberg

Members Absent:

Senator Lisa Brown
Jayasri Guha
Representative Renee Radcliff
Senator James West
Representative Cathy Wolfe

Call to Order

Mr. Joe Dear, Information Services Board (ISB) Chair, called the meeting to order. Mr. Steve Kolodney, Director, Department of Information Services (DIS), recognized the parting members of the Board and summarized the many accomplishments that took place while these members served. Mr. Kolodney, along with Senator Emilio Cantu, acknowledged the many contributions of Mr. Dear and thanked him for his service to the ISB. Ms. Mary McQueen, Administrator, Office of the Administrator of the Courts (OAC), acknowledged the contributions of Chief Annette Sandberg, Washington State Patrol (WSP), to the Justice Information Committee.

Roll Call

A sufficient number of members arrived to constitute a quorum.

Approval of Minutes

Mr. Paul Taylor noted that the minutes were revised to clarify passages on pages 2-1 and 2-7. Minutes from the September 29, 2000 meeting as revised were approved.

**Department of Corrections
Offender Management Network
Information Project**

Mr. Stan Ditterline, Senior Technology Management Consultant, Department of Information Services (DIS), introduced Mr. Joe Lehman, Secretary, Department of Corrections (DOC) and Mr. Don Price, Project Director, to present the status of the Offender Management Network Information (OMNI) project. Mr. Lehman explained that the Offender Accountability Act (OAA) was proposed by the Governor and passed by the Legislature in 1999. The Offender Accountability Plan (OAP) takes a sanctions-based system and creates a records system that keeps information about offenders' actions, their legal status, their demographics, and whether or not they are in compliance with the provisions of the

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OAA. OMNI is an electronic web-based system that will implement the Act. This dramatically and significantly changes business practices, as OMNI is much more complex than the Offender Based Tracking System (OBTS), which is a 20-year old legacy system. OMNI will also have the capacity to target imminent risk and look at a set of risk factors that are predictive of the likelihood that an offender will commit a crime, given certain circumstances.

Mr. Price explained that OAP has been baselined and effectively designed, and that the project is about two weeks ahead of schedule. He also presented the OMNI change control process, staffed by a combination of IBM and DOC personnel.

OMNI uses the level three change management methodology (CMM) as implemented by IBM Global Services. Requests are triaged by DOC consultants, who also serve on the OBTS project, and the IBM architect. They determine whether the request is in or out of project scope. It then goes to the change management control board for research analysis and defect review. They do costing and develop a more in depth description of the request.

The baseline control board (project management of DOC and IBM) meets weekly to review all of the potential changes. They have the authority to approve changes that are within the project budget, up to \$25,000. All other changes go to the OMNI steering committee, which is made up of DOC executives and project management from both DOC and IBM.

Mr. Price also outlined phase two, which entails building the common services for the client and server sides and developing several application modules. They will also port the OAP from the way it has been developed in phase one to a new total OMNI common services approach. This will entail both data conversion and OAP maintenance. He explained that the approval of phase two is critical and that the new law requirements could not be met without it.

Ms. Marsha Tadano Long inquired about phase one being completed and asked if that work was being used or is in production. Mr. Price responded that the data warehouse is about to be used and that people were being trained at this time. He also stated that the OAP would be in use as soon as it is implemented in June. Mr. Lehman said that by the next ISB meeting a demonstration would be available so that the Board could actually see the application in action.

Ms. Debbie Kendall, DOC Internal Quality Assurance Manager, described four different groups that are involved in quality assurance on this project:

- IBM Quality Management group conducts monthly reviews and audits on the IBM software development team products and

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- ensures that they are adhering to standards, processes, and procedures. They also conduct a yearly audit under contractual agreement.
- Ms. Kendall reviews and audits the DOC software development standards, processes, and procedures, and ensures that the project is adhering to those standards. She also looks at the project management practices and consults with the external quality assurance consultant to discuss findings and recommendations.
 - The external quality assurance consultant, who is independent of DOC and IBM and reports to the Secretary of DOC and the OMNI steering committee, reviews and audits the project management practices, standards, processes, and procedures and reports findings and recommendations to the steering committee at monthly meetings.
 - The management team assesses all of the risks identified by project staff, stakeholders, or the managers themselves. They meet on a weekly basis to review existing risk and assess newly identified risk. With pre-defined criteria, risks are tracked and maintained in a risk database and a monthly status report is given to the OMNI steering committee.

Senator Cantu asked if people are being trained properly for this new system. Mr. Lehman explained that they have a relationship with an entity called the Performance Institute, a group affiliated with a Washington State community college. They have been working in conjunction with DOC for two years to develop curriculum to train the staff on the new business practices.

Senator Cantu also noted that someone is going to have to enter certain things into the system and compare them with existing records. Mr. Lehman agreed and said that the biggest challenges in doing that work is ensuring robust information exchange across the criminal justice community through the Justice Information Network (JIN). He explained that one of the biggest problems is not the lack of capacity internally, but the lack of ability to get information from other parts of the criminal justice system.

The phase one projected completion date for OMNI is July 2001 with a cost of \$7.5 million. Phase two is expected to cost \$13.7 million. OBTS will continue to run in conjunction with OMNI until the end of phase three.

Mr. Kolodney commented on the difficulty that DOC had in getting an estimate to support the budget request. He underscored the fact that complete and available information about the costs is vital in keeping this project moving in the right direction.

Mr. Heister suggested that a high-level project plan would be helpful.

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Ms. McQueen stated that information that might be in police reports is not necessarily in a database because that information is in police investigator reports and not court records. Mr. Lehman stated that the Justice Information Committee (JIC) and OMNI project people need to address that because there is an obligation to be met per law.

A motion was made to approve funding for phase two, subject to the conditions of a proviso specific to the project. The motion was adopted unanimously.

**Department of Health Drinking
Water Project**

Mr. David Koch, Senior Technology Management Consultant, introduced Ms. Mary Selecky, Secretary, Department of Health (DOH) to present a review and update of their drinking water information management enhancement project.

Ms. Selecky began by saying that this project is about protecting communities and improving health. Drinking water systems are licensed and certified by DOH. The Drinking Water Project is on target. Some parts will be finished in 2001; the entire project is scheduled for completion in 2003. DOH intends to do this with no additional monies and to capitalize on federal dollars that are available to them. Additional time has been used to further define the project, bring additional senior management leadership to bear, and perform more business area analyses.

DOH requires a consistent way to track what is occurring across the 16,000 water systems in the state. The agency took a different approach in how they looked at vendors. First a request for Qualifications (RFQ) was issued, and 41 vendors responded with their qualifications. Six vendors responded to the invitation and sent proposals. Four were then selected as finalists. DOH invited those four in for three days to learn about possible solutions. Three vendors decided to submit a proposal. The successful bidder was chosen on October 10th. The contract was signed on December 4th with Complete Business Solutions, Inc. and contract approval was received on December 26th.

The scope of the project was scaled back to meet the core business needs. There are two phases. The first phase includes design and construction of a DOH data warehouse. The data from the Drinking Water Automated Information Network (DWAİN) will begin to migrate and data entry screens will be constructed by October 2001. Phase two will deal with core business application functions construction and should be completed by July 2003. Phase one is anticipated to cost \$2 million and phase two is anticipated at \$1.969 million, for a total just under \$4 million.

Ms. Selecky introduced Mr. Frank Westrum, who is the project director and Mr. Gary Schrickler, Chief Technology Information Officer, both of DOH.

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Water Project** *(continued)*

Mr. Kolodney asked Mr. Schricker if the project uses the web to gain access to this information by people other than DOH. Mr. Schricker responded that it has a web-enabled front end and local health jurisdictions will be given access first, but that some of the water surveyors and eventually the public will have access to some of the information.

Senator Cantu asked if the 16,000 were all public water systems or both public and private. Ms. Selecky explained that they are all public and that anything that uses two or more hookups is public. Senator Cantu also asked if the system is scalable up to a certain degree, anticipating that maybe five years from now there may be 20,000 instead of 16,000. Ms. Selecky said that 4,000 of them cover 92% of the population. She hopes that public policy would encourage more, larger systems, bigger than two in terms of the capability. Mr. Westrum said that the capability is there and that the system is scalable and that their design has the flexibility to be altered to meet future business needs of drinking water as well as current business needs.

Senator Cantu then asked if the federal funding is finalized. Mr. Westrum answered that it is finalized through phase two. Mr. Schricker confirmed that and said that he thought part of the initial phase was scoping-out the entire project, which he thought didn't have enough funding, so core business functions were analyzed. Once those were reviewed and the requirements determined it was within the federally funded budget of the \$4 million.

**Department of General
Administration Ultimate
Purchasing Project**

Mr. Andy Marcelia, Senior Technology Management Consultant, DIS, introduced Ms. Marsha Tadano Long, Director, General Administration, to present a status report on the implementation of The Ultimate Purchasing System (TUPS).

Ms. Tadano Long began by introducing Mr. Bill Joplin, project director for TUPS. She stated that they have had remarkable cooperation and partnership with DIS and OFM. She said that, in general, the partnership with the prime contractor, American Management Systems (AMS), has been excellent. However she noted the project has been delayed a number of times, including a 60-day delay due to the late delivery of the Ariba 7.0 software.

Ms. Tadano Long introduced two executives from AMS, Ms. Donna Morea, Executive Vice President and Mr. Bill Kilmartin, Vice President. Mr. Kilmartin is responsible for e-commerce and e-procurement. Mr. Jerry Connell and Mr. Chris Blenley, representing Ariba, were also introduced. Ms. Tadano Long explained that GA is very concerned about the completion of this project. GA submitted their concerns in writing to AMS and identified strategies and approaches to resolve those concerns.

She stated that TUPS is to be a web-based system that would

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support the full cycle of shopping, requests, and approvals all the way through payment. They also believe that AFRS interface is critical to this whole system. This has not been done before, so they are breaking new ground.

The two business objectives of TUPS are: to reduce the amount of time it takes for employees to order, and to lower the purchase cost for the services and goods that the state purchases by leveraging the volume buying power of the state. The state spends about a billion dollars a year on a variety of goods and services

Senator Cantu asked if these figures were more for goods or services. Ms. Tadano Long answered that the majority was for goods

GA has contracted with AMS for delivery of version 7.0 of the Ariba e-procurement software, the AMS customization software to make e-procurement solutions meet the business requirements and business model for the state of Washington, to provide the integration to the accounts payable AFRS system for supplier payment system, and to provide a 24x7 help desk for users and technical support staff.

AMS is responsible for recruiting TUPS suppliers after the state has identified the priority they want them engaged. AMS must also provide support services to those suppliers as needed for the development of their electronic catalogs. Another important element is the ability to capture all monies spent, whether from a contract or not, and put that information into a data warehouse that would be available to GA managers online for up to six years.

GA agreed to pay \$848,000 to AMS for this system once it is up and running and has passed acceptance testing. System acceptance is defined by having 25 suppliers enabled, 250 end users, and a system functioning without any interruption for 30 consecutive days. The state will also pay a transaction fee for each order for years one through five. Suppliers pay one half of one percent of any sale they conduct by way of TUPS as well. During the delay, GA was able to provide additional efforts towards the project. Eight people from the City of Seattle will participate in the pre-pilot and production pilot.

The pilot agencies have now run test transactions, test scripts, etc., through the system on numerous occasions.

The contract requires that AMS enable five suppliers for the production pilot. There are currently 17 suppliers that have contracts. They have electronic catalogs and are fully able to accept electronic orders should the system be up.

Outstanding issues still exist concerning the Ariba software,

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whether AMS can satisfy 100% of the state's requirements, and the ability of the infrastructure to support the system in the manner outlined in the contract.

Although AMS has not been paid any money to date, the delay in this project has resulted in additional costs to the state based on the personnel resources expended. A number of stakeholder groups have been impacted by the delays.

Ms. Tadano Long said that she is personally distressed about this project and that prompted her to write the letter to AMS on December 20th, asking for a number of things. The AMS response was just received.

Ms. Donna Morea of AMS affirmed that the company's keystone value is their commitment to deliver on budget, on time, and with high quality but that here they find themselves in a situation where that is not the case. She stated that AMS decided not to compromise quality for schedule.

Ms. Morea took full responsibility for the situation and said AMS is revamping the project plan to establish a firm schedule and improve communications.

Mr. Kolodney asked where AMS was with the software, integration of its pieces, and the ability to go end to end on a transaction. Mr. Kilmartin answered that the entire solution went through system testing in September. They discovered unacceptable defects in the software. They rescheduled and went through another round of complete system testing into December and once again found defects.

AMS is ready to commence system testing tomorrow, and Mr. Kilmartin is confident about the changes to the underlying Ariba software and to the AMS additions and extensions. After the system testing is complete, there will be a review and then the state goes through user acceptance testing. The step after that will be a pilot, then review. This will be followed by final acceptance.

Mr. Kolodney asked if the problems lay within the base structure of software, in extensions and enhancements, in interfaces, AFRS, or elsewhere.

Mr. Kilmartin said the system works well and he doesn't want to give the impression that it does not work at all. It works for thousands of transactions and then they find one that doesn't work properly. He assured Mr. Kolodney that it is a software problem, a defect. Transactions that were going to Financial Systems Integration would occasionally drop off unexplainably. This would require an analysis and remedy.

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Ms. Donahue asked which company worked with OFM on the accounts payable piece. Mr. Westrum answered that AMS modified Ariba software to interface with AFRS. She stated that the Board isn't really clear about who does what. Ms. Morea explained that the Ariba solution is embedded in the broader solution that AMS is bringing to the state of Washington and that that is a typical arrangement for an integrator. They are reliant on the latest and most extensive features of the Ariba solution.

Mr. Heister asked what piece is provided by Ariba. Mr. Westrum said that Ariba was the basis for shopping, ordering, order fulfillment, and basic workflow engines. Also the catalog is designed using Ariba. Ms. Donahue said that there is plenty of e-commerce going on, and wanted to know what the problem is. Mr. Jerry Connell from Ariba came forward and explained that they went from version six to version seven and completely re-architected the product. Then as AMS was running an extensive evaluation of the system, they ran into bugs. They went from a Java-based system to an HTML-based system in order to have a light client front end for the product.

Mr. Heister asked Ms. Tadano Long at which point she would default this contract. She answered that she needs to have three things: a schedule, some dates that the pilot users and other agencies can count on, and resolution of the whole payment piece. She believes that what AMS has offered in their response letter is good, but will continue the conversation and make a decision in the next few weeks about what will be done.

Mr. Connell stated that Ariba is definitely committed to the success of this project and are trying to facilitate the best interaction between AMS and Ariba to address the issues they are currently facing as a team. There is direct access between Ariba and AMS' development teams and their CEOs are in contact on this project. There is a full-time technical resource that acts as a liaison between the development teams so there is no time wasted calls. They have a defined escalation process internally at Ariba for AMS that is working well. They are providing hot fixes specifically for the state of Washington. Additional resources will be added. AMS' development team will be going out to Ariba in the next three weeks and will spend some time going through their extensions face to face so there is no confusion. And finally, they are going to identify a consulting resource from Ariba to be on-site and available for user system testing.

**Department of Social and
Health Services ACES
Contract Extension**

Mr. Tom Parma, Senior Technology Management Consultant, DIS, introduced Ms. Liz Dunbar, Deputy Secretary, Department of Social and Health Services (DSHS) to present the results of a feasibility study requested by the Board to transition the Automated Client Eligibility System (ACES) from IBM Global Services to State control.

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Ms. Dunbar began by saying that ACES has been successfully and fully operational since the spring of 1997 and provides benefits and determines eligibility for 800,000 clients a month. There are about 8,000 users, issuing approximately \$45,000,000 every month in benefits to clients. Federal funding covers about half of the cost of the system and comes from various federal agencies and programs. There are continual system revisions and enhancements to the program to meet business needs that come from the federal government requirements, the Governor's expectations for continuous improvement and streamlining of welfare programs, and from customer demands and needs. Approximately every six months a new release is issued with the enhancements and problem corrections.

As far as the feasibility study is concerned, three options were examined. The first would be to continue the option year that the Board has already authorized and to conduct a competitive procurement for ongoing maintenance. The main advantage is that through competitive procurement, a better rate on the contract may be achieved. The disadvantage is that there is a cost to doing a competitive procurement. Research has indicated that when most states do re-procurements, they end up with the same vendor, so effort, cost and time are utilized and rates may actually go up rather than decline.

Option two is to again execute the option years but transition maintenance to state control. Dr. Ed Lazowska asked if the contract was broken down in any way, possibly by application specific maintenance and enhancement, core system maintenance and enhancement, and operations, or if it was lumped together. Mr. Rick Cook, Deputy Director, ACES, stated that the contract lumps those together. Dr. Lazowska inquired into whether there is any hope of a new contract with IBM Global Services that focused on the application specific aspects of maintenance and enhancement but left core system operations, maintenance, and enhancement to the state. Mr. Cook stated that the offer on the table from IBM does not break that down. Dr. Lazowska stated that it would have been nice to have as part of the feasibility study.

Ms. Dunbar confirmed that option two was looked at as transitioning the entire project to state control. While this looks attractive, she is concerned with the ability to hire state employees to do that work.

She stated that option three would be to execute the option years, extend for two additional years, and then continue to re-assess whether the environment has changed both in terms of what needs are and what the resources are in the marketplace, what the system looks like and how it could be maintained and operated. The advantage to this is no additional new costs because the contract could be frozen at the 2004 level and there would not be

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the procurement and transition costs that were described in options one and two. It would also preserve the existing team that has performed very well thus far. Over a three-year period, if option two were feasible, it would have the lowest cost.

The feasibility study examined other states' experiences and found that the trend is to retain the incumbent vendor for outsourcing. Current rates paid by DSHS are in line, and are in fact lower than a number of other states.

Ms. Dunbar also said that with the current vendor, they have had good stability and availability of the system, very good response time, and that they have been very pleased with their performance and the success of the system thus far. That leads to their recommendation, which is option three. They believe that continuing the contract with the current vendor provides the least risk, the lowest overall cost, and the best productivity for the system. They would continue to re-evaluate the environment to see whether or not there is a more competitive environment out there. She then asked for approval to go back with option three.

Dr. Lazowska stated that the contract extension would begin in July and asked when a decision would have to be made. Ms. Dunbar answered that they already have conditional approval from the ISB for two one-year options through July 2003, but that they would need to start immediately if they were going to do a re-procurement. Dr. Lazowska said that he is convinced that there is no reason to do a new procurement. He would, however, like the middle ground option explored. Ms. Christy Ridout, Chief Information Officer, DSHS, explained that they have started those discussions, but that there are several things within ACES, within the database, and operating system that preclude a straight move across to DIS. She stated that there is a lot of different software and that DIS would have to hire additional staff to accommodate them. Dr. Lazowska agreed that there are several reasons that it might not work, but that option should be explored.

Many questions were raised about the possibility for all or part of the project to be operated by DIS at some point. Senator Cantu suggested that DSHS contact DOP to investigate the feasibility of modifying or creating new application development job classifications specifically for ACES that would allow DSHS to compete with the private sector in hiring people with the necessary skills to work for the state.

A motion was made to proceed with the authorization of a two-year extension as provisionally authorized before, and to require DSHS to make a presentation to the ISB within six months that includes the feasibility of state operation of ACES as well as other issues related to the stewardship and optimization of that asset, and that further extension of the contract is dependent upon receipt of that

feasibility study.

There were two “no” votes on the motion. Mr. Dear strongly suggested that DSHS and ISB staff get together and define the study requirements and review it with at least some Board members to make sure that the things under review are the ones they would like to see.

New Business

None.

Adjournment

The meeting was adjourned.